

C.U.SHAH UNIVERSITY

Winter Examination-2018

Subject Name : Accounting & Finance-II

Subject Code : 4CO02AFI3

Branch: B.Com (English)

Semester : 2

Date : 09/10/2018

Time : 02:30 To 05:30

Marks : 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

Q-1

Attempt the following questions:

(14)

- a) Which type of Royalty Accounts is? (1)
- (A) Real Account (B) Profit & Loss Account
(C) Cash Account (D) Personal Account
- b) Which side Government subsidy is shown in farm a/c? (1)
- (A) debit side of farm a/c
(B) credit side of farm a/c as an income
(C) deduct from loan on debit side of farm a/c
(D) credit side of farm a/c by adding into loan a/c
- c) Show the effect in farm a/c, when grains given to workers..... (1)
- (A) both sides of farm a/c (B) debit side of farm a/c
(C) credit sides of farm a/c (D) assets side of a/c
- d) What is cattle for farmer? (1)
- (A) Income (B) Assets
(C) Expenses (D) Liability
- e) Short working loss means (1)
- (A) Royalty-Minimum Rent (B) Minimum rent -Royalty
(C) Royalty (D) none of the above
- f) Combination consisting of owners' funds and long term borrowed funds indicates... (1)
- (A) cost of capital (B) capital structure
(C) debt-equity composition (D) capitalization
- g) How many types of capital structure are there? (1)
- (A) 2 (B) 3
(C) 4 (D) 5
- h) This is not characteristics of an ideal capital structure (1)
- (A) simplicity (B) certainty of income
(C) liquidity (D) balanced
- i) Royalty Suspense Account is..... (1)
- (A) Nominal Account (B) Personal Account
(C) Real Account (D) Realisation Account
- j) What is Total freight income? (1)
- (A) freight + premium (B) freight + passage money



- (C)freight +primage (D)freight +mail money
- k) What is primage for ship company? (1)
- (A)Loss (B) Profit
- (C)Income (D)Expenses
- l) Generally , duration of a Voyage is..... years (1)
- (A)1 (B) 2
- (C)3 (D)less than 1 year
- m) Cash price of asset +Interest =..... price (1)
- (A)contract (B)market
- (C)after depreciation (D)purchase
- n) At the end of the year, the interest paid and depreciation charged are transferred to the account. (1)
- (A)Asset (B)Profit and Loss
- (C)Both (D)None

Attempt any four questions from Q-2 to Q-8

Q-2 Attempt all questions (14)

(A) What is capital structure? Discuss the characteristics of an ideal capital structure. (7)

(B) Explain the meaning of capital structure. Explain it's importance. (7)

Q-3 (14)

Mr. A carries on farming to grow wheat. From the following particulars , you are required to prepare his Farm Account for the year ending on 31-3-2018.

Irrigation expenses	4,000	Sale of corp	1,40,000
Opening stock:		Wages	30,800
Seeds	600	Insurance Premium:	
Fertilizers	2,800	For corp	500
Cattle	16,800	For cattle	360
Tools	40,000	Electric charges	1,000
Growing Corps	12,000	Repairs	1,800
Purchases:		Land Revenue	2,400
Seeds	5,600	Hire charges of	
Fertilizers	23,000	tractor	8,800
Cattle	8,000	Govt.subsidy	4,400
Tools	6,400	Expenses on fencing	3,200
Sale of Grass	24,000	Interest on loan	3,900
Grass for cattle	2,640	10% loan from co-op.	
Purchases of Insecticide	1,600	society (1-4-2018)	48,000
		Wheat kept for	
		personal use	4,000

(1)Closing stock was as under : seeds Rs.400; Fertilisers Rs.4,000; Cattle Rs.18,000; Insecticides Rs. 300; Tools Rs.36,400; Wheat Rs.7,000.

(2)Fencing expenses are to be written off during four years.

(3) out of crops, wheat of Rs.800 is to be retained for sowing seeds during next year.

Q-4 Attempt all questions (14)

(A) At the end of year , Mr. "A" the following facts have not been accounted for in the books . How would you show its effects in the farm account? (4)

(1)Rajko for feeding animals Rs. 12,000



(2)Wheat given to labourers in lieu of their wages Rs. 10,000

(3)Sale of milk Rs.10,000

(4)Grains kept for personal use Rs.4,000

(5)He has given grains costing Rs.2,000 to drought relief fund.

- (B) ABC Jahaj commenced voyage on 1-10-2016 from Lahore to Rangoon and back. It returned to Lahore on 30-11-2016. The freight came from outward journey was Rs. 50,000 and from return journey it was Rs. 35,000 . Over and above this, it earned Rs. 5,000 as passage money each time both ways. (10)

Port charges	2,500
Coal	16,000
Stores	8,400
Wages	24,000
Sundry expenses	5,800
Depreciation(yearly)	48,000

Address commission is 5% on outward freight and 4% on inward freight. The ship was insured for a year and the yearly premium was rs. 12,000. The manager is entitled to a commission of 5% on profit. Prepare voyage Account.

- Q-5 **Attempt all questions** (14)

(A) Explain the differences between Hire –purchase and Instalment System (10)

(B) What is Primage? Explain it. (4)

- Q-6 (A) Explain the advantages of Farm Accounting. (10)

(B) 'K' Ltd. Has purchased one Machine from 'A' Ltd. on 1-4-2018 on instalment system paying cash Rs. 40,000 and agreed to pay further three instalments of Rs.46,800 ,Rs. 43,200 and Rs. 39,600 respectively on 31st March, every year. Compute the cash price with necessary calculations. (4)

- Q-7 (14)

'A' purchased a machine from 'B' on 1-4-2010. Details were as follows:

(1) The cash price of the machine was Rs. 44,000. Rs. 14,000 was paid on the

date of purchase.

(2) The instalments were paid as under:

(I) On 31-3-2011 Rs. 13,500

(II) On 31-3-2012 Rs. 12,000

(III) On 31-3-2013 Rs. 11,000

(3) 'B' charged interest at 10% p.a. on the outstanding balance of cash price.

(4)'A' provided depreciation on machine at 10% p.a. on Diminishing Balance Method.

Pass necessary journal entries in the books of 'B' for each year is assuming that machine is purchased on instalments system.

- Q-8 **Attempt all questions** (14)

(A) Discuss the factors affecting capital structure. (10)

(B) Write short note on: Voyage Account (4)

